

Report Summary

Social Security Administration Office of the Inspector General

December 2010



Objective

To report internal control weaknesses, noncompliance issues, and unallowable costs identified in the single audit to the Social Security Administration (SSA) for resolution action.

Background

The Colorado State Auditor performed the single audit of the State of Colorado and KPMG, LLP performed the single audit of the State of Illinois. SSA is responsible for resolving single audit findings related to its Disability Insurance and Supplemental Security Income programs. The Colorado Department of Human Services (CDHS) is the Colorado Disability Determination Services' (DDS) parent agency and the Illinois Department of Human Services (IDHS) is the Illinois DDS' parent agency.

To view the full reports, visit <http://www.ssa.gov/oig/ADO/BEPDF/A-77-11-00005.pdf>

<http://www.ssa.gov/oig/ADO/BEPDF/A-77-11-00006.pdf>

Management Advisory Reports: Single Audits of the States of Colorado (A-77-11-00005) and Illinois (A-77-11-00006) for the Fiscal Year Ended June 30, 2009

Our Findings

The single audit of the State of Colorado reported that CDHS did not submit a Fiscal Year (FY) 2009 Public Assistance Cost Allocation Plan (PACAP) amendment or certification statement to the Department of Health and Human Services' Division of Cost Allocation (DCA) as required by Federal regulations. In addition, CDHS charged indirect costs based on PACAP amendments that had not been approved by DCA. The single audit also found that CDHS did not have proper internal controls over purchasing cards.

The single audit of the State of Illinois reported IDHS did not amend the cost allocation plan (CAP) to include changes in program administration. Therefore, the methods used to allocate the costs of administrative offices to various Federal programs were not approved by Health and Human Services' DCA.

In addition, the single audit reported weaknesses in the State's allocation of internal service fund charges to various Federal programs, including SSA. Specifically, (1) procedures were not adequate to identify fund balances that exceeded the maximum amount allowable, and (2) costs accumulated in the internal service funds were unallowable.

Our Recommendations

For the State of Colorado, we recommend that SSA (1) verify that CDHS submitted a FY 2009 PACAP amendment or certification statement to DCA, (2) upon DCA's approval of the PACAP amendments, work with CDHS to ensure that indirect costs charged to the Colorado DDS during FY 2009 were in accordance with the PACAP's approved methodologies, and (3) verify that CDHS developed appropriate internal controls over purchasing cards.

For the State of Illinois, we recommend that SSA (1) work with IDHS to ensure that indirect costs charged to the Illinois DDS during State FY 2009 were in accordance with the CAP's approved methodologies and, if not, recover any unallowable costs and (2) ensure all FY 2009 charges to the Illinois DDS from the internal service fund were allowable and, if not, recover any unallowable costs.